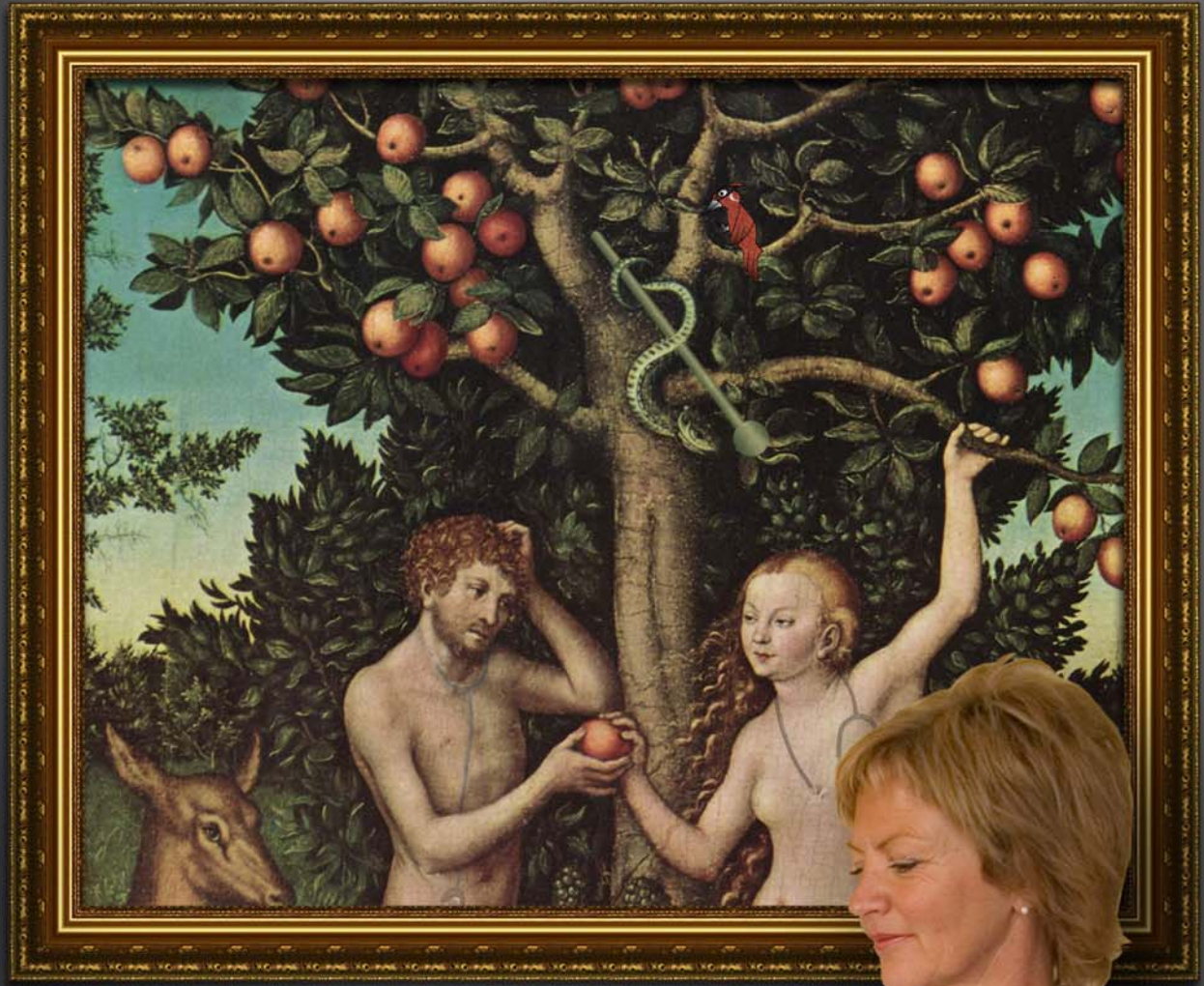


# ZOOMED

EMPOWERING DOCTORS



**Today's TECHNOLOGICAL AND  
MEDICAL REALITY**



To the shareholders of  
ZOOMMED INC.

## MANAGEMENT COMMENTS

The financial statements of ZoomMed Inc. for the period ended November 30, 2008 and all information contained in this interim financial report are the responsibility of the management and have been approved by the Board of Directors.



The consolidated financial statements were prepared by the management in accordance with generally accepted accounting principles and are consistent with the Company's business.



The Company complies with its TSX Venture Exchange listing agreement. The Company maintains rigorous systems of internal accounting and administrative controls to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the assets are correctly accounted for and protected.



Every year the Board of Directors appoints an Audit Committee composed of a majority of directors who are neither company officers nor employees. The Audit Committee meets periodically with Management and the external auditors to review their tasks and discuss the audit, accounting policies and related financial matters. The results of their audit are discussed as well. The Audit Committee also reviews the financial statements and the external auditors' report and recommends their approval by the Board of Directors.

ZoomMed Inc. interim financial statements for the six-month periods ended November 30, 2008 and 2007, as well as related comparative data, have not been reviewed or audited by external auditors.

January 25, 2009

**Yves Marmet,**  
President and Chief Executive Officer





**INTERIM FINANCIAL REPORT  
AS AT NOVEMBER 30, 2008**

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**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED NOVEMBER 30, 2008 AND 2007**  
**(Unaudited)**

	November 30, 2008 (3 months)	November 30, 2007 (3 months)	November 30 2008 (6 months)	November 30, 2007 (6 months)
<b>REVENUES</b>	\$ 294,755	\$ 324,601	\$ 544,970	\$ 613,052
<b>OPERATING EXPENSES</b>				
Cost of goods sold	57,914	61,692	131,482	120,656
Administrative expenses (Note 5)	581,475	293,388	840,155	536,901
Operating expenses	385,784	188,519	745,807	345,905
Selling expenses	556,511	431,840	999,758	720,149
Financial expenses (Note 5)	3,813	6,199	8,543	13,830
Amortization (Note 5)	327,050	244,338	639,688	465,063
	1,912,547	1,225,976	3,365,433	2,202,504
<b>LOSS AND NON-CONTROLLING INTEREST</b>	(1,617,792)	(901,375)	(2,820,463)	(1,589,452)
<b>NON-CONTROLLING INTEREST</b>	-	(1,750)	(1,750)	(3,500)
<b>NET LOSS</b>	\$ (1,617,792)	\$ (903,125)	\$ (2,822,213)	\$ (1,592,952)
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	\$ (0.016)	\$ (0.013)	\$ (0.030)	\$ (0.022)
<b>WEIGHTED AVERAGE NUMBER OF OUTSTANDING COMMON SHARES</b>	98,215,785	71,459,048	92,835,899	71,395,098





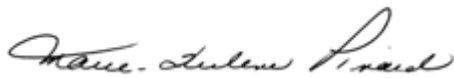
**CONSOLIDATED BALANCE SHEETS  
AS AT NOVEMBER 30, 2008 AND AT MAY 31, 2007**

	November 30, 2008 (Unaudited)	May 31, 2008 (Audited)
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 2,320,092	\$ 952,943
Accounts receivable (Note 6)	315,984	230,440
Inventories	127,158	99,027
Prepaid expenses	22,680	70,080
	2,785,914	1,352,490
<b>GUARENTEED INVESTMENT CERTIFICATES</b> (Note 7)	3,049,197	25,000
<b>FIXED ASSETS</b> (Note 8)	1,203,980	1,074,201
<b>INTANGIBLE ASSETS</b> (Note 9)	3,289,355	3,590,563
	\$ 10,328,446	\$ 6,042,254
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable (Note 10)	\$ 593,288	\$ 750,179
Deferred revenues	373,292	71,970
Current portion of long-term debt	78,248	89,778
Non-controlling interest	-	219,833
	1,044,828	1,131,760
<b>LONG-TERM DEBT</b> (Note 11)	82,613	78,354
<b>LEASE INDUCEMENT</b>	14,877	17,249
	1,142,318	1,227,363
<b>SHAREHOLDERS' EQUITY</b>		
<b>SHARE CAPITAL</b> (Note 13)	20,783,214	14,570,915
<b>WARRANTS</b> (Note 13 c) and 15)	2,512,171	823,000
<b>CONTRIBUTED SURPLUS</b>	1,989,749	1,715,970
<b>DEFICIT</b>	(16,099,006)	(12,294,994)
	9,186,128	4,814,891
	\$ 10,328,446	\$ 6,042,254

**ON BEHALF OF THE BOARD OF DIRECTOR**



Director



Director





**CONSOLIDATED STATEMENTS OF DEFICIT AND CONTRIBUTED SURPLUS  
FOR THE SIX-MONTH PERIOD ENDED NOVEMBER 30, 2008 AND 2007  
(Unaudited)**

	November 30, 2008 (6 months)	November 30, 2007 (6 months)
<b>DEFICIT</b>		
<b>BALANCE, BEGINNING OF YEAR</b>		
As previously reported balance	\$ (12,294,994)	\$ (8,338,139)
Changes in accounting policies (Note 3)	-	5,356
Adjusted balance as restated	(12,294,994)	(8,332,783)
Net loss	(2,822,213)	(1,592,952)
Share issue expenses	(981,799)	-
<b>BALANCE, END OF YEAR</b>	<b>\$ (16,099,006)</b>	<b>\$ (9,925,735)</b>



**CONTRIBUTED SURPLUS**

<b>BALANCE, BEGINNING OF YEAR</b>		
Fair market value of stock options granted (Note 14)	\$ 1,715,970	\$ 1,656,275
Exercised stock options	276,829	29,250
	(3,050)	(3,055)
<b>BALANCE, END OF YEAR</b>	<b>\$ 1,989,749</b>	<b>\$ 1,682,470</b>





**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED NOVEMBER 30, 2008 AND 2007**  
**(Unaudited)**

	November 30, 2008 (3 months)	November 30, 2007 (3 months)	November 30, 2008 (6 months)	November 30, 2007 (6 months)
<b>OPERATING ACTIVITIES</b>				
Net loss	\$ (1,617,792)	\$ (903,125)	\$ (2,822,213)	\$ (1,592,952)
Amortization	327,050	244,362	639,688	465,468
Increase in long-term debt	3,898	878	7,750	1,757
Non-controlling interest	-	1,750	-	3,500
Stock-based compensation	276,829	29,250	276,829	29,250
Loss (gain) on disposal of fixed assets	(2,622)	-	(3,206)	3,877
Non-carried out profit on investments	(24,197)	(44,666)	(24,197)	(44,666)
Lease inducement	(1,186)	(460)	(2,372)	(921)
	(1,038,020)	(672,011)	(1,927,721)	(1,134,687)
Net change in non-cash working capital items	(170,918)	(249,733)	78,156	(292,525)
Cash flows used in operating activities	(1,208,938)	(921,744)	(1,849,565)	(1,427,212)
<b>FINANCING ACTIVITIES</b>				
Repayments of long-term debt	(9,226)	(5,593)	(15,021)	(36,370)
Share issuance	-	54,000	7,898,421	82,700
Share issue expenses	(555)	-	(981,799)	-
Repayments of non-controlling interest	-	-	(219,833)	-
Cash flows from financing activities	(9,781)	48,407	6,681,768	46,330
<b>INVESTING ACTIVITIES</b>				
Proceeds from disposal of a guaranteed investment activities	-	750,000	-	782,852
Acquisition of guaranteed investment certificates	(3,000,000)	-	(3,000,000)	(3,025,000)
Acquisition of fixed assets	(151,386)	(258,669)	(327,979)	(465,287)
Proceeds from disposal of fixed assets	10,130	-	11,846	-
Acquisition of intangible assets	(96,862)	(152,315)	(148,921)	(336,571)
Cash flows used in investing activities	(3,238,118)	339,016	(3,465,054)	(3,044,006)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(4,456,837)</b>	<b>(534,321)</b>	<b>1,367,149</b>	<b>(4,424,888)</b>
<b>CASH BEGINNING OF YEAR</b>	<b>6,776,929</b>	<b>1,196,489</b>	<b>952,943</b>	<b>5,087,056</b>
<b>CASH END OF YEAR</b>	<b>\$ 2,320,092</b>	<b>\$ 662,168</b>	<b>\$ 2,320,092</b>	<b>\$ 662,168</b>

Cash flows related to operating activities include interest paid of \$411 for the three-month period and \$896 for the six-month period in 2008 and \$972 for the three-month period and \$2,079 for the six-month period in 2007.





**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
AS AT NOVEMBER 30, 2008  
(Unaudited)**

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**1. IDENTIFICATION AND INDUSTRY**

The Company was incorporated under the Canada Business Corporations Act on February 24, 2005.

Until July 27, 2005 the Company carried on business as a “Capital Pool Company”, as this term is defined the TSX Venture Exchange policy (The Exchange). On July 27, 2005, with the acquisition of all of the outstanding Class A shares of “9103-8240 Quebec Inc.”, now being called ZoomMed Medical Inc., the Company completed its qualifying transaction pursuant to the rules of the Exchange. According to Canadian generally accepted accounting principles, these consolidated financial statements are recognized as being the continuity of ZoomMed Medical Inc. The Company is now the reporting issuer resulting from the reverse takeover.

ZoomMed is committed to two business missions:

- 1) The development and the marketing of the **ZRx Prescriber**, an innovative product for physicians; and
- 2) Sales of paramedical equipment to the public in general and Healthcare agencies, and the development of a franchise network which operates under the name **ZoomCité**.



**2. SIGNIFICANT ACCOUNTING POLICIES**

**Consolidation**

The Consolidated Financial Statements include the accounts of ZoomMed Inc. and ZoomMed Medical Inc.

**Revenue recognition**

Revenues derived from annual advertising contracts, related to the ZRx Prescriber, are recognized on a straight-line basis over the duration of the related agreements.

Revenues from equipment sales and services are recognized as soon as the merchandise leaves the warehouse or as the services are rendered. For the franchises, revenues from the initial fees are recognized when the franchisor has fulfilled most of the important obligations related to the creation of the franchise. Revenues from equipment sales to franchisees are recognized as soon as the merchandise is delivered. For this type of product, the cost of goods sold is not presented separately because it is recorded as a reduction of revenue.

**Temporary cash investments**

Temporary investments held for trading are measured at fair value, using the market rates. Any gain or loss, realized or latent, is recognized in net income.

**Inventory valuation**

For new products, inventories are valued at the lower of cost and net realizable value.





**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
AS AT NOVEMBER 30, 2008  
(Unaudited)**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

**Fixed assets**

Fixed assets are recorded at cost and are amortized according to the following methods and rates:

	<b>Method</b>	<b>Rates</b>
Vehicles	Declining balance	30 %
Machinery and equipment	Declining balance	20 %
Furniture and sign	Declining balance	20 %
Computer equipment	Declining balance	30 %
Computer equipment for <i>ZRx Prescriber</i>	Declining balance	30 %
Leasehold improvements	Straight-line	20 % - 10 %

**Intangible assets**

Intangible assets are recorded at cost and are amortized on a straight-line basis on the following rates:

	<b>Rates</b>
Web site	33 %
Software	50 %
Intellectual property	10 %
License	33 %
Development costs	33 %

Intellectual property is recorded at cost, plus related future income taxes, and will be amortized over a ten-year period from the marketing date of the product, starting November 2006.

The development costs include the development of prescribing software and new functionalities using the web technology, and a web portal, are amortized on a straight-line basis over of three-year period from the marketing date of the product.

The Company reviews the recoverability of the deferred development costs valuing the future forecasted cash flows related to the marketing of the products to which these fees are linked.

**Long-term debt issue expenses**

Long-term debt issue expenses are carried in reduction of the corresponding debt and are amortized according to the effective interest method.

**Government assistance**

The investment tax credits related to development costs are applied against capitalized costs. The wage subsidies related to operating expenses are recorded against salaries.





**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
AS AT NOVEMBER 30, 2008  
(Unaudited)**

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

**Impairment of long-lived assets**

An impairment loss is recognized when an event or situation indicates that the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. Any resulting impairment loss is recognized during the period of the impairment.

**Lease inducement**

The lease inducement includes the difference between the rental expense apportioned over the lease term according to a systematic formula and the minimum lease payment, considering the inducements.

**Non-controlling interest**

The non-controlling interest constitutes a direct non-controlling interest in the Company by way of 200,000 Class B shares of ZoomMed Medical Inc. Class B shareholders are entitled to receive a cumulative annual dividend of 3.5%. These shares were repurchased during the first quarter of fiscal 2009.



**Stock-based compensation**

The Company uses the fair value based method (Black & Scholes) of accounting for all stock options granted to its directors, officers, employees and consultants whereby a compensation expense is recognized on the day the options were granted, with a corresponding increase to contributed surplus. When options are exercised, capital stock is credited by the sum of consideration paid together with the released portion previously recorded to contributed surplus.



**Use of accounting estimates**

Preparation of these financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in financial statements and related notes. Estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Actual results could differ from those estimates.

Financial statement items that require such estimates include future benefits from development costs, intellectual property, future income tax assets and goodwill, income tax provision, the recoverable amount of research and development tax credits, the assumptions used in the determination of the stock-based compensation charge and fair value of financial instruments.

**Basic and fully diluted earnings per share**

Basic and fully diluted earnings per share are calculated using the weighted average number of outstanding common shares during the year. The Company uses the treasury stock method to determine the dilutive effects of stock options and warrants when cumulating diluted earnings per share. The fully diluted earnings per share are equal to the basic earnings per share because of their anti dilutive effect when a loss is incurred.



### 3. CHANGES IN ACCOUNTING POLICIES

On June 1, 2007, the Company adopted the new accounting standards related to: Section 1530 "Comprehensive Income", Section 3855 "Financial Instruments – Recognition and Measurement" and Section 3865 "Hedges". Figures for periods prior to June 1, 2007 were not amended.

#### Financial instruments – Recognition and measurement

Under this new standard, all financial assets will be classified in one of the following four categories: 1) held to maturity 2) loans and receivables 3) held for trading and 4) available for sale. Financial liabilities will have to be classified as "held for trading" or "other". Financial assets and liabilities held for trading will be valued at their fair value, and gains and losses will be recorded in net results. Held-to-maturity financial assets, loans and receivables, and financial liabilities classified as "other" will be recognized at amortized cost using the effective interest rate method. Available-for-sale financial assets will be valued at fair value, and all the unrealized gains and losses will be recorded in other comprehensive income. The new standard will enable entities to designate all financial instruments as held for trading when they are initially recognized or when this standard is adopted, even if this financial instrument does not fall within the definition of a financial instrument held for trading. Financial instruments held for trading under the fair value option must have a reliable fair value.

The Company has elected to classify investments held for trading. Consequently, any differences in the fair value of these assets will be recorded directly in net results.

Long-term debts are classified in "other liabilities" and accounted for at cost. Transaction costs related to "other liabilities" are capitalized and depreciated in accordance with the effective interest rate method and recorded in the net income.

#### Comprehensive Income

Following the adoption of these new accounting standards, the Company must present a statement of other comprehensive income. Other comprehensive income includes the net income and the other elements of the comprehensive income. Considering that the Company has classified the whole of its financial instruments as financial instruments "held for trading" and its long-term debts in the category "other liabilities", no variation element was classified in the other elements of the comprehensive income, consequently, net loss corresponds to the total of the comprehensive income.

#### Impact of adopting these new standards

The adjustments related to the classification of investments as financial instruments held for trading were nil and therefore no adjustment was recorded in the deficit's opening balance as at June 1, 2007. The adjustments due to the classification of the long-term debt in the category "other liabilities", disclosed net from related transaction fees depreciated in accordance with the effective interest rate method, were recorded in the deficit's opening balance as at June 1, 2007. The result of this adjustment at June 1, 2007 was a reduction in the deficit's opening balance of \$5,356.





**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
AS AT NOVEMBER 30, 2008  
(Unaudited)**

**3. CHANGES IN ACCOUNTING POLICIES (CONT.)**

Here is a summary of the effect of these new accounting standards on the opening balance.

	As at May 31, 2007 (Audited)	Adjustments (Unaudited)	As at June 1, 2007 (Unaudited)
<b>ASSETS</b>			
Current assets	\$ 5,751,747	\$ -	\$ 5,751,747
Fixed Assets	516,246	-	516,246
Intangible assets	2,935,880	-	2,935,880
Other assets	761,073	(601)	760,472
	9,964,946	(601)	9,964,345
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current liabilities	1,128,809	-	1,128,809
Long-term debt	20,250	(5,957)	14,293
Lease inducement	6,758	-	6,758
Non-controlling interest	212,833	-	212,833
	1,368,650	(5,957)	1,362,693
Shareholders' equity	16,934,435	-	16,934,435
Deficit	(8,338,139)	5,356	(8,332,783)
	8,596,296	5,356	8,601,652
	\$ 9,964,946	\$ (601)	\$ 9,964,345



**4. FUTURES CHANGES IN ACCOUNTING POLICIES**

**Capital disclosures**

In December 2006, the Canadian Institute of Chartered Accountants ("CICA") published Section 1535, "Capital Disclosures". This new standard establishes disclosure requirements concerning capital such as: qualitative information about an entity's objectives, policies and processes for managing capital; quantitative data about what it regards as capital; whether the entity has complied with any externally imposed capital requirements and, if not, the consequences of such non-compliance. The management is currently assessing the future impact of this new standard on its consolidated financial statements.

**Financial instruments**

In December 2006, the CICA published Section 3862, "Financial Instrument – Disclosures", and Section 3863, "Financial Instruments- Presentation". These new standards replace Section 3861, "Financial Instruments – Disclosure and Presentation", revising and enhancing its disclosure requirements and carrying forward unchanged its presentation requirements. The management has adopted those Sections as of June 1, 2008.



**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
AS AT NOVEMBER 30, 2008  
(Unaudited)**

**4. FUTURES CHANGES IN ACCOUNTING POLICIES (CONT.)**

**Inventories**

In March 2007, the CICA published Section 3031, "Inventories", which aligns accounting for inventories under Canadian GAAP with International Financial Reporting Standards ("IFRS"). This new standard provides more guidance on the measurement and disclosure requirements for inventories. It requires the measurement of inventories at the lower of cost and net realizable value and includes guidance on the determination of cost, including allocation of overheads and other costs incurred in bringing the inventories to their present location and condition. The standard also requires the use of either first in, first out ("FIFO") or weighted average cost formula to measure the cost of inventories. Accordingly, the Company adopted the new standards for its fiscal year beginning June 1, 2008. The management evaluated that the adoption of this new standard had no material impact on the Company's consolidated financial statement.

**Intangible assets**

In November 2007, the CICA issued Section 3064, "Goodwill and Intangible Assets", replacing Section 3062, "Goodwill and Other Intangible Assets", and section 3450, "Research and Development Costs". Various changes have been made to other sections of the CICA Handbook for consistency purposes. The new Section will be applicable to financial statement relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company will adopt the new standards for its fiscal year beginning June 1, 2009. It establishes standards for the recognition and of intangible assets by profits-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The management is currently assessing the impact of the adoption of this new Section on its consolidated financial statements.

**International Financial Reporting Standards**

The Accounting Standards Board of Canada has announced that accounting standards in Canada, as used by public companies will be converged to IFRS. The changeover date from current Canadian GAAP to IFRS, for the Company, is for the fiscal year beginning on June 1, 2011. The Company will convert to these new standards according to the timetable set with these new rules. The management is currently assessing the future impact of these new standards on its consolidated financial statements.

**5. INFORMATION ON INCOME**

	November 30, 2008 (3 months)	November 30, 2007 (3 months)	November 30, 2008 (6 months)	November 30, 2007 (6 months)
a) Revenues :				
Sales	\$ 230,162	\$ 228,653	\$ 447,589	\$ 449,062
Interest income	58,863	85,983	87,259	136,042
Net income from franchisees	5,730	9,965	10,122	27,948
	<b>\$ 294,755</b>	<b>\$ 324,601</b>	<b>\$ 544,970</b>	<b>\$ 613,052</b>
b) Administrative expenses:				
Administrative expenses	\$ 304 646	\$ 264 138	\$ 563 326	\$ 507 651
Stock-based compensation	276 829	29 250	276 829	29 250
	<b>\$ 581 475</b>	<b>\$ 293 388</b>	<b>\$ 840 155</b>	<b>\$ 536 901</b>





**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
AS AT NOVEMBER 30, 2008  
(Unaudited)**

**5. INFORMATION ON INCOME (CONT.)**

c) Financial expenses :								
Interest on long-term debt	\$	919	\$	1,851	\$	2,145	\$	3,836
Interest and bank charges		2,870		4,324		6,350		9,589
Amortization of deferred financing costs		24		24		48		405
	\$	3,813	\$	6,199	\$	8,543	\$	13,830

d) Amortization :								
Amortization of fixed assets	\$	99,470		66,215		189,559	\$	115,539
Amortization of intangible assets		227,580		178,123		450,129		349,524
	\$	327,050	\$	244,338	\$	639,688	\$	465,063

**6. ACCOUNTS RECEIVABLE**



		November 30, 2008		May 31, 2008
Accounts receivable	\$	133,945	\$	87,042
Research and development tax credits <sup>(1)</sup>		70,144		70,144
Accrued interest receivable		26,301		-
Sales tax receivable		85,594		73,254
	\$	315,984	\$	230,440

<sup>(1)</sup> The exact receivable amount will be known when Revenu Quebec will process and approve the claim. There is a possibility that the approved amount differs from the recorded amount.

**7. GUARANTEED INVESTMENT CERTIFICATES**

		November 30, 2008		May 31, 2008
Guaranteed investment certificate, 4% (Maturing September 11, 2011)	\$	3,024,197	\$	-
Guaranteed investment certificate, 3,35% <sup>(1)</sup>		25,000		25,000
	\$	3,049,197	\$	25,000

<sup>(1)</sup> The Guaranteed investment certificate is charged with a hypothec, securing a guaranteed letter in favor of "Fédération des Caisses Desjardins du Québec", until June 2009.





**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
AS AT NOVEMBER 30, 2008  
(Unaudited)**

**8. FIXED ASSETS**

	November 30, 2008		
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE
Vehicles	\$ 10,516	\$ 2,122	\$ 8,394
Machinery and equipment	18,744	13,913	4,831
Furniture and sign	151,717	56,015	95,702
Computer equipment	204,374	98,166	106,208
Computer equipment for Prescriber ZRx	1,330,230	387,746	942,484
Leasehold improvements	96,679	50,318	46,361
	<b>\$ 1,812,260</b>	<b>\$ 608,280</b>	<b>\$ 1,203,980</b>

	May 31, 2008		
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE
Vehicles	\$ 10,516	\$ 640	\$ 9,876
Machinery and equipment	18,585	13,391	5,194
Furniture and sign	149,850	45,460	104,390
Computer equipment	178,828	80,899	97,929
Computer equipment for Prescriber ZRx	1,043,220	240,736	802,484
Leasehold improvements	93,157	38,829	54,328
	<b>\$ 1,494,156</b>	<b>\$ 419,955</b>	<b>\$ 1,074,201</b>



**9. INTANGIBLE ASSETS**

	November 30, 2008		
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE
Amortized intangible assets			
Web site	\$ 26,200	\$ 26,200	\$ -
Software	4,322	4,170	152
License	336,655	151,666	184,989
Intellectual property	2,935,934	587,187	2,348,747
Development cost	1,510,686	755,219	755,467
	<b>\$ 4,813,797</b>	<b>\$ 1,524,442</b>	<b>\$ 3,289,355</b>

	May 31, 2008		
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE
Amortized intangible assets			
Web site	\$ 26,200	\$ 26,200	\$ -
Software	4,322	4,019	303
License	329,956	92,500	237,456
Intellectual property	2,935,934	440,390	2,495,544
Development cost	1,368,464	511,204	857,260
	<b>\$ 4,664,876</b>	<b>\$ 1,074,313</b>	<b>\$ 3,590,563</b>



**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
AS AT NOVEMBER 30, 2008  
(Unaudited)**

**10. ACCOUNTS PAYABLE**

	November 30, 2008	May 31, 2008
Accounts payable and accrued liabilities	\$ 351,928	\$ 511,410
Wages and deductions at source	241,360	214,619
Advance from a shareholder, without interest	-	24,150
	<b>\$ 593,288</b>	<b>\$ 750,179</b>

**11. LONG-TERM DEBT**



	November 30, 2008 (amortized cost)	May 31, 2008 (amortized cost)
Loan, interest at prime rate plus 2%, secured by the shareholders, monthly capital payment of \$845 plus interest, maturing September 2008 ;	\$ -	\$ 3,380
Loan, Idée-PME program, non-interest bearing, 10% effective interest discount, annual capital payment of \$20,250, maturing April 2009;	19,412	18,408
Loan, La Solide ville de Longueuil, interest at 10% plus 1.5% of the annual income before income taxes, monthly capital and interest payment of \$634, maturing November 2009 <sup>(1)</sup> ;	7,131	10,439
Loan, le CLD de Longueuil, interest at 9%, secured by the shareholders, monthly capital and interest payment of \$622, maturing December 2009 <sup>(1)</sup> ;	7,663	10,949
Note payable, non-interest bearing, 10% effective interest discount, payable by an initial \$30,000 payment (paid in May 2008) and equal and consecutive payments of \$5,000 beginning in December 2008, maturing in April 2011.	126,655	124,956
	160,861	168,132
Current portion	78,248	89,778
	<b>\$ 82,613</b>	<b>\$ 78,354</b>

<sup>(1)</sup> These contracts are presented on a current basis due to a change of control which occurred with the reverse takeover in July 2005.







**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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**11. LONG-TERM DEBT (CONT.)**

Principal repayments required for the next three years are as follows:

	2009	2010	2011
\$	95,141	\$ 60,000	\$ 25,000

**12. COMMITMENTS**

As at November 30, 2008, the balance of commitments under operating leases amounts to \$546,443.

Minimum lease payments in each of the next five years are as follows:

	2009	2010	2011	2012	2013
Leasehold - Head office	\$ 116,423	\$ 116,423	\$ 19,404	\$ -	\$ -
Leasehold - ZoomCité	41,316	-	-	-	-
Leasehold - Toronto	58,864	58,935	58,935	44,201	-
Multifunction printers	7,293	7,293	7,293	7,293	2,770
	\$ 223,896	\$ 182,651	\$ 85,632	\$ 51,494	\$ 2,770

**13. SHARE CAPITAL**

**a) Authorized**

An unlimited number of common shares, voting, participating, without par value.

**b) Issued and fully paid**

	November 30, 2008	May 31, 2008
98,215,785 common shares (71,742,290 shares as at May 31, 2008)	\$ 20,783,214	\$ 14,570,915



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**13. SHARE CAPITAL (CONT.)**

**c) Transactions during the period ended November 30, 2008**

On June 19, 2008, The Company issued 20,000 shares of its capital stock after 20,000 options held by employees were exercised. These options were expiring on June 28, 2008.

On July 8, 2008, ZoomMed completed a public placement, for gross proceeds of \$7,671,514, issuing 26,453,495 units of ZoomMed Inc. at a price of \$0.29 per unit. Each unit is comprised of one common share in the share capital of the Company and one-half of one common share purchase warrant. Each whole warrant gives the holder the right to purchase one common share at a price of \$0.35 for a period of 24 months. The Company granted a 6.5% cash commission to the agents and a number of warrants to purchase common shares equal to 6.5% of the total number of units sold under the offering at a price of \$0.29 per share for a period of 18 months.

As at October 24, 2008, 1,400,000 warrants, each carrying a fair value of \$0.22, and 750,000 warrants, each carrying a fair value of \$0.03, have expired. These warrants were cancelled and the total carrying value, which was \$330,500, was transferred to the share capital.

**d) Transactions during fiscal year 2008**

The Company issued 425,000 shares of its share capital for a cash consideration of \$108,000 after 425,000 warrants, with a carrying value of \$28,500, were exercised.

The Company issued 23,500 shares of its share capital for a cash consideration of \$4,700 after 23,500 stock options, with a carrying value of \$3,055, were exercised. These stock options were held by employees.

**e) Share capital break-down**

	Number	Declared
Balance as at May 31, 2007	71,293,790	\$ 14,426,660
Issued after the exercising of warrants	425,000	136,500
Issued after the exercising of stock options	23,500	7,755
<b>Balance as at May 31, 2008</b>	<b>71,742,290</b>	<b>\$ 14,570,915</b>
Issued for public placement (July 8, 2008)	26,453,495	5,873,999
Issued after the exercising of stock options	20,000	7,800
Cancellation of 2,150,000 warrants	-	330,500
<b>Balance as at November 30, 2008</b>	<b>98,215,785</b>	<b>\$ 20,783,214</b>

**f) Escrowed shares**

In accordance with the requirements of the TSX Venture Exchange, all the 3,000,000 common shares issued before the initial public offering and the 18,000,000 issued common shares from the reverse takeover are held in escrow under two securities escrow agreements.



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**13. SHARE CAPITAL (CONT.)**

For the first agreement representing 3,000,000 common shares, under the terms of the agreement, 10% of common shares held in escrow have been released upon publication of the Final Exchange Bulletin and 15% of the additional common shares will be released at six-month intervals on the 6<sup>th</sup>, 12<sup>th</sup>, 18<sup>th</sup>, 24<sup>th</sup>, 30<sup>th</sup> and 36<sup>th</sup> months following the initial releases. The agreement ended on August 8, 2008.

For the second agreement representing 18,000,000 common shares, under the terms of the agreement, 0% of common shares held in escrow have been released upon publication of the Final Exchange Bulletin and 5% of the additional common shares will be released at six-month intervals on the 6<sup>th</sup>, 12<sup>th</sup>, 18<sup>th</sup>, 24<sup>th</sup>, and 10% on the 30<sup>th</sup>, 36<sup>th</sup>, 42<sup>nd</sup>, 48<sup>th</sup>, 54<sup>th</sup>, 60<sup>th</sup>, 66<sup>th</sup>, 72<sup>nd</sup> months following the initial releases. The agreement will end on August 8, 2011.

As at November 30, 2008, 10,800,000 common shares (13,050,000 at May 31, 2008) were still held in escrow.



**14. STOCK OPTION PLAN**



The shareholders of the Company approved a resolution modifying of the stock option plan from a 10% “fixed” stock option plan to a 10% “rolling” stock option plan as described in the management proxy circular for the annual and special meeting of shareholders held on November 7, 2008. Under the plan terms, the exercise price of the options will be determined by the directors of the Company limited to the extent of other restrictions described in the plan and some requirements of the TSX Venture Exchange. The maximum period for which an option is issued is limited to five years and the exercise price of these options must be paid in full before the issue of the related shares.



The following table summarizes the changes in the plan position for the years ended on May 31, 2008 and for the six-month period ended November 30, 2008:

	Options	Average Exercise price
Balance as at May 31, 2007	7,120,000	\$ 0.23
Awarded	295,000	\$ 0.40
Exercised	(23,500)	\$ 0.20
Cancelled	(220,000)	\$ 0.25
<b>Balance as at May 31, 2008</b>	<b>7,171,500</b>	<b>\$ 0.24</b>
Awarded	2,785,000	\$ 0.20
Exercised	(20,000)	\$ 0.24
Cancelled	(115,000)	\$ 0.42
<b>Balance as at November 30, 2008</b>	<b>9,821,500</b>	<b>\$ 0.22</b>



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**14. STOCK OPTION PLAN (CONT.)**

The following table summarizes the information about the outstanding stock options as at November 30, 2008 and May 31, 2008.

**a) As at November 30, 2008**

Number	Outstanding options		Exercisable options	
	Weighted average outstanding maturity (months)	Weighted average exercise price	Number	Weighted average exercise price
540,000	19	\$0.20	540,000	\$0.20
1,235,000	21	\$0.25	1,235,000	\$0.25
1,024,000	31	\$0.20	1,024,000	\$0.20
640,000	36	\$0.20	640,000	\$0.20
150,000	38	\$0.25	150,000	\$0.25
3,247,500	41	\$0.50	3,247,500	\$0.50
50,000	47	\$0.40	50,000	\$0.40
50,000	50	\$0.40	50,000	\$0.40
100,000	52	\$0.40	100,000	\$0.40
2,785,000	56	\$0.20	2,785,000	\$0.20
<b>9,821,500</b>	<b>40</b>	<b>\$0.31</b>	<b>9,821,500</b>	<b>\$0.31</b>

During the semester ended November 30, 2008 the following transactions occurred:

The Company issued 20,000 shares of its capital stock after 20,000 options held by employees were exercised.

The Company granted 2,785,000 options entitling the holder to purchase 2,785,000 common shares at an exercise price of \$0.20 per share for a period of five years.

The shares issued under this plan are subject to transfer restrictions for a period of four months from the grant date.



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**14. STOCK OPTION PLAN (CONT.)**

**a) As at November 30, 2008 (cont.)**

The fair value of the stock options awarded during the semester ended November 30, 2008 was estimated on the grant date using the Black-Scholes' options pricing model with the following assumptions:

**November 30, 2008**

Date	October 17, 2008
Quantity	2,785,000
Value granted	\$0.099
Dividend yield	Nil
Expected volatility	100%
Risk-free interest rate	2,92%
Expected life	60 months

The compensation expense related to the stock option plan amounts to \$276,829 for the period ended November 30, 2008.

**b) As at May 31, 2008**

Outstanding options			Exercisable options	
Number	Weighted average outstanding maturity (months)	Weighted average exercise price	Number	Weighted average exercise price
540,000	25	\$0.20	540,000	\$0.20
1,250,000	27	\$0.25	1,250,000	\$0.25
1,029,000	37	\$0.20	1,029,000	\$0.20
640,000	42	\$0.20	640,000	\$0.20
150,000	44	\$0.25	150,000	\$0.25
3,267,500	47	\$0.50	3,267,500	\$0.50
45,000	52	\$0.40	45,000	\$0.40
100,000	53	\$0.40	100,000	\$0.40
50,000	56	\$0.40	50,000	\$0.40
100,000	58	\$0.40	<sup>(1)</sup> 100,000	\$0.40
7,171,500	40	\$0.35	7,171,500	\$0.35

<sup>(1)</sup>The shares issued under this plan are subject to transfer restrictions for a period of four months from the grant date.



**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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**14. STOCK OPTION PLAN (CONT.)**

**c) Transactions during fiscal year 2008**

The Company issued 23,500 shares of its capital stock after 23,500 options held by employees were exercised. These options were expiring on June 29, 2011.

The Company granted 295,000 options entitling the holder to purchase 295,000 common shares at an exercise price of \$0.40 per share for a period of five years.

The fair value of the stock options awarded during the year 2008 was estimated on the grant date using the Black-Scholes' options pricing model with the following assumptions:

**May 31, 2008**

Date	September 4, 2007	October 6, 2007	January 23, 2008	March 10, 2008
Quantity	45,000	100,000	50,000	100,000
Value granted	\$0.25	\$0.18	\$0.29	\$0.19
Dividend yield	Nil	Nil	Nil	Nil
Expected volatility	75%	75%	75%	75%
Risk-free interest rate	4.36%	4.35%	3.48%	2.94%
Expected life	60 months	60 months	60 months	60 months

The compensation expense related to the stock option plan amounts to \$62,750 for the year ended May 31, 2008.

**15. WARRANTS**

The following table summarizes the changes in the plan position as at May 31, 2008 and for the six month period ended November 30, 2008:

	Warrants	Weighted average Exercise price
Balance as at May 31, 2007	22,199,996	\$0.34
Warrants exercised	(425,000)	\$0.25
<b>Balance as at May 31, 2008</b>	<b>21,774,996</b>	<b>\$0.34</b>
Awarded to investors	13,226,747	\$0.35
Awarded to brokers	1,719,477	\$0.29
Cancelled	(2,150,000)	\$0.15
<b>Balance as at November 30, 2008</b>	<b>34,571,220</b>	<b>\$0.35</b>





**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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**15. WARRANTS (CONT.)**

**a) Transaction during the period ended November 30, 2008.**

On July 8, 2008, ZoomMed completed a public placement, for gross proceeds of \$7,671,514, issuing 26,453,495 units of ZoomMed Inc. at a price of \$0.29 per unit. Each unit is comprised of one common share in the share capital of the Company and one-half of one common share purchase warrant. Each whole warrant gives the holder the right to purchase one common share at a price of \$0.35 for a period of 24 months. The Company granted a 6.5% cash commission to the agents and a number of warrants to purchase common shares equal to 6.5% of the total number of units sold under the offering at a price of \$0.29 per share for a period of 18 months.

As at October 24, 2008, 1,400,000 warrants, each carrying a fair value of \$0.22, and 750,000 warrants, each carrying a fair value of \$0.03, have expired. These warrants were cancelled and the total carrying value, which was \$330,500, was transferred to the share capital.

The following table summarizes the information about brokers' and private investors' outstanding stock options and warrants as at November 30, 2008.



Number	Outstanding warrants		Exercisable warrants	
	Weighted average outstanding maturity (months)	Weighted average exercise price	Number	Weighted average exercise price
9,625,000	9	\$0.24	9,625,000	\$0.24
9,999,996	5	\$0.45	9,999,996	\$0.45
13,226,747	20	\$0.35	13,226,747	\$0.35
1,719,477	14	\$0.29	1,719,477	\$0.29
<b>34,571,220</b>	<b>12</b>	<b>\$0.35</b>	<b>34,571,220</b>	<b>\$0.35</b>

The fair value of the stock options awarded during the period was estimated on the grant date using the Black-Scholes' options pricing model with the following assumptions:

	Brokers	Investors
Quantity	1,719,477	13,226,747
Value granted	\$0.14	\$0.13
Dividend yield	Nil	Nil
Expected volatility	100%	100%
Risk-free interest rate	3,20%	3,20%
Expected life	18 months	24 months





**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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**15. WARRANTS (CONT.)**

**b) Transactions during fiscal year 2008**

During the year, the Company issued 425,000 common shares of its capital pursuant to the exercise of 425,000 warrants.

The following table summarizes the information about brokers' and private investors' outstanding stock options and warrants as at May 31, 2008.

Number	Outstanding warrants		Exercisable warrants	
	Weighted average outstanding maturity (months)	Weighted average exercise price	Number	Weighted average exercise price
9,625,000	15	\$0.24	9,625,000	\$0.24
9,999,996	11	\$0.45	9,999,996	\$0.45
2,150,000	5	\$0.35	2,150,000	\$0.35
<b>21,774,996</b>	<b>12</b>	<b>\$0.35</b>	<b>21,774,996</b>	<b>\$0.35</b>



**16. RELATED PARTY TRANSACTIONS**

**Period ending November 30, 2008**

During the six-month period ended November 30, 2008, the Company paid professional fees totaling \$42,000 to one Company owned by a shareholder and officer. As at November 30, 2008, accounts payable include an amount of \$7,000 relating to these transactions.

These transactions were carried out in the normal course of business and are measured at the exchange value which is the value of the consideration established and agreed upon by the related parties.

**Period ending November 30, 2007**

During the six-month period ending November 30, 2007, the Company paid professional fees totaling \$36,100 to one company owned by shareholder and officer. As at November 30, 2007, accounts payable include an amount of \$7,000 relating to these transactions.

These transactions were carried out in the normal course of business and are measured at the exchange value, which is the value of the consideration established and agreed upon by the related parties.







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**17. SEGMENT DISCLOSURES**

ZoomMed is committed to two business missions:

- 1) The development and the marketing of the **ZRx Prescriber**, an innovative product for physicians; and
- 2) Sales of paramedical equipment to the general public and healthcare agencies, and the development of a franchise network which operates under the name **ZoomCité**.

For better segment disclosures, paramedical equipment sales have been divided in order to separately present the franchise network sector. Since the headquarter expenses are important, they are also presented separately.

During the period ended November 30, 2008, revenues and expenses are allocated as follows:

	Pres- criber	Équip- ment	Fran- chises	Head Office	Total
Revenues and expenses					
Sales	\$ 215,662	\$ 231,927	\$ 10,122	\$ -	457,711
Interest income	-	-	-	63,062	63,062
Non-carried out profit on investments	-	-	-	24,197	24,197
	215,662	231,927	10,122	87,259	544,970
Cost of goods sold	-	131,482	-	-	131,482
Selling expenses	537,716	146,982	2,358	312,702	999,758
Administrative expenses	134,527	27,487	-	401,312	563,326
Stock-based compensation <sup>(1)</sup>	75,544	4,473	-	196,812	276,829
Operating expenses	652,632	-	-	93,175	745,807
Financial expenses	-	7,495	-	1,048	8,543
Amortization	626,484	8,597	-	4,607	639,688
Non-Controlling interest	-	1,750	-	-	1,750
Total expenses	2,026,903	328,266	2,358	1,009,656	3,367,183
Segment results before income taxes	\$ (1,811,241)	\$ (96,339)	\$ 7,764	\$ (922,397)	\$ (2,822,213)

<sup>(1)</sup> Stock-based compensation for the Company's head office includes external directors and consultants.





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**17. SEGMENT DISCLOSURES (CONT.)**

During the period ended November 30, 2007, revenues and expenses are allocated as follows:

	Pres-criber	Équip-ment	Fran-chises	Head Office	Total
Revenues and expenses					
Sales	\$ 247,500	\$ 201,562	\$ 27,948	\$ -	477,010
Interest income	-	733	-	90,643	91,376
Non-carried out profit on investments	-	-	-	44,666	44,666
	247,500	202,295	27,948	135,309	613,052
Cost of goods sold	-	120,656	-	-	120,656
Selling expenses	355,278	133,947	29,074	201,850	720,149
Administrative expenses	100,726	24,335	203	382,387	507,651
Stock-based compensation <sup>(1)</sup>	29,250	-	-	-	29,250
Operating expenses	274,369	-	-	71,536	345,905
Financial expenses	-	11,105	-	2,725	13,830
Amortization	432,344	28,112	-	4,607	465,063
Non-Controlling interest	-	3,500	-	-	3,500
Total expenses	1,191,967	321,655	29,277	663,105	2,206,004
Segment results before income taxes	\$ (944,467)	\$ (119,360)	\$ (1,329)	\$ (527,796)	\$ (1,592,952)

<sup>(1)</sup> Stock-based compensation for the Company's head office includes external directors and consultants.

Segment assets are allocated as follows:

	November 30, 2008	May 31, 2008
Supply of paramedical equipment	\$ 219,900	\$ 455,712
ZRx Prescriber segment	10,108,546	5,586,542
	\$ 10,328,446	\$ 6,042,254

Acquisitions of fixed assets and other intangible assets for the period ended November 30, 2008 and for the period ended November 30, 2007, are as follows:

	November 30, 2008	November 30, 2007
Supply of paramedical equipment	\$ 4,082	\$ 94,931
ZRx Prescriber segment	472,817	706,927
	\$ 476,899	\$ 801,858





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**18. COMPARATIVE FIGURES**

For comparison purposes, some of the prior year's figures have been reclassified.

